

WCIS 2003 Advisory Committee Minutes

Over 75 individuals from the State Department of Industrial Relations, WCIS trading partners, and other organizations attended this meeting, held at the California State office building in San Francisco on May 28, 2003.

DWC's Research Unit manager Bill Kahley welcomed participants and provided an outline of the day's agenda. He then introduced DWC Administrative Director Dick Gannon. AD Gannon informed participants of the continued importance of WCIS to the Department of Industrial Relations in spite of current state budget realities. In addition, he remarked on how the day's agenda would highlight the recent improvements in the performance of the WCIS, and invited the participants to present their questions and concerns to DWC staff.

What follows below is a summary of the discussion held on key WCIS developments and issues that were addressed at the meeting by DWC staff and the trading partner community.

Current Goals and System Performance Update

Bill Kahley began by noting that the WCIS – as an information system - was now at the stage of moving from being a repository of electronic information to a database available for research and public policy purposes. Such purposes include the evaluation of benefits delivery, the measuring of benefit adequacy, and the provision of statistical data on injury and illness rates. He noted that trading partners have delivered to date approximately 2.45 million FROI claims data to WCIS, and that some advances have been made in the delivery of SROI claims data, with nearly 300,000 SROI claims delivered. However, he noted that medical data is now required in order for DWC and the TP community to have access to the three central components of a workers compensation claim in order to establish a valid picture of claims and the employees experience in the system.

Based on the current status of the WCIS, the aim of this meeting was to compile a “to do” list of issues to be addressed by participants, and to “put on the table” issues for joint discussion by DWC staff and the TP community.

Status of Claims Data Collection

The increases in total FROI and SROI claims during the period 2002-2003 were noted to be due, in part, to increases in the number of TPs participating in WCIS. That total has increased from 156 to 193 TPs submitting FROI data, and from 53 to 66 TPs submitting SROI data. The fact that WCIS has fewer SROI than FROI claims was noted to be due to a number of factors, including the increased complexity of SROI data in comparison to FROI data, and problems in the configuration of the data collection system for both TPs and WCIS. Bill Kahley noted the lack of credible SROI data as having implications for the development of a true distribution of claims within WCIS, thereby limiting the scope

of analyses that include the use of indemnity data. However, he noted that the WCIS aims to update and expand its volume of SROI data by the end of the year.

Update on WCIS Redesign & Enhancements

Dan Nishijima, IT staff person who has directed the technical redesign of WCIS, provided participants with an in-depth overview of the steps taken by IT and DWC to modify and enhance the WCIS system. Dan noted that the system redesign was undertaken in mid 2002 in order to increase stability, performance, accuracy in data collection and posting, and subsequently improve access to the data. Furthermore, he noted that the current major focus of WCIS system administrators would be to maintain the stability of the system and to make the transition to the improved system as transparent as possible. Dan noted the following characteristics of the redesigned system: 1) System architecture has remained the same; 2) State Connect EDI system has remained in operation; 3) Transaction validation processes have been improved; and 4) Data warehouse has been developed.

He also noted additional and more specific changes to the WCIS, including the following: 1) Allow only one IP transaction for a single claim; 2) Corrections in the processing of duplicate records and batches; 3) Some acknowledgement error messages will be replaced with less ambiguous error messages; and 4) An increase in the character length of the JCN code from 12 to 22 digits.

Two TPs, SCIF and Zenith, are assisting in testing the improved system. They have been submitting test data and analyzing the acknowledgement results. Two important dates were also noted regarding this phase of the project. On July 1st parallel testing of both systems will commence. On September 30th WCIS intends to switch to the new system. Dan Nishijima noted to the participants that WCIS staff will communicate to the TP community all aspects of the system change that TPs will need to understand in order to continue conducting business.

Furthermore, Dan noted that DWC & IT staffs are in the process of revising and updating the California Implementation Guide for use by the TP community. The aim of the revisions and updates will be to make appropriate corrections and updates and clarify the published business rules so that the rules reflect what should be done regarding EDI transmission of claims data now and in the future.

TP Compliance in Claims Reporting

The meeting then addressed the issue of compliance by the TP community of its mandate to submit claims to WCIS. Research Unit staff person David Pingitore reviewed the results of a study conducted by the Research Unit in 2002. That study compared the number and distribution of claims submitted in 2001 by claims administrators to the DWC Audit Unit as part of its Annual Report of Inventory to the number and distribution of claims for 2001 submitted to WCIS. The study findings included evidence of

significant noncompliance by approximately three-dozen TPs, including third party administrators (TPAs) and public jurisdictions.

Following this presentation, AD Gannon spoke on the implications of this study for DWC policy regarding mandated claims submission to WCIS. In particular, he asked the TP participants at the meeting to provide DWC with feedback on how to increase compliance with claims submission. He also noted that the business realities of many small firms might prohibit their ability to transmit claims information to WCIS via EDI.

In response to AD Gannon's request for suggestions from the TP participants on how to address this issue, a number of representatives offered suggestions. One TP representative suggested that DWC invite TPs to a meeting to determine what are the reasons for nonreporting. The aim of that meeting would be to understand the business, technical or other realities that influence underreporting. Another TP representative suggested that DWC adopt a web-based data reporting system that could be used by small reporters. In response to that suggestion, Dan Nishijima indicated that IT staff was looking into the development of an in-house replacement for the current EZ Web system now in use by TPs. He noted that EZ Web is unable to post SROI data due to ongoing technical limitations.

Bill Kahley commented on the issue of compliance from a different angle. He noted that while a total population of claims might be needed for eventual auditing purposes, only a representative sample of claims would be needed for research purposes. There is also the issue of what can reasonably be collected and the costs of such collection for all participants. Thus, these and other conflicting issues need to be understood and examined in the ongoing discussion regarding claims submission.

Additional TP representatives provided further comments on the issue of compliance. One representative noted that the composition of the WCIS information would likely change given the composition of the TPs that provide the data during any time period. Another TP representative suggested that DWC publish a list of noncompliant TPs on its web site, and that such an action would have the potential of rebalancing the competitive advantage available to noncompliers. The issue of how to obtain data from defunct companies, and how to obtain data in the midst of market turmoil, was also noted.

Bill Kahley noted that this discussion on trading partner compliance had generated a list of items to "revisit" as a group to develop recommendations to the entire TP community on compliance. AD Gannon reviewed the rule making change process regarding sanctions or other actions regarding TP compliance. He noted that this process would include a 30-day period of public commentary on the proposed rules changes.

WCIS Innovations

The discussion then shifted to a presentation of current and potential technical innovations to the information provided to WCIS, and how that information is delivered. Bill Kahley reviewed DWC's interest in obtaining information on SIC/NAICS codes, and their relevance for research purposes. A polling of the meeting participants indicated that most TPs would be able to provide that information to WCIS.

A second innovation is for TPs to consider delivering the AN on either the claim anniversary or on a calendar year basis. Trading partners weighed in on both sides of the issue regarding either the flexibility offered when the claim anniversary option is available, versus the difficulty of submitting data when using the claim anniversary option. It was apparent during the discussion that no clear consensus was present regarding trading partner choice for these options. However, TPs were encouraged to provide further feedback to DWC on this matter following internal discussion within their own organizations.

A third innovation discussed was how to accept future MTC and benefit start dates. Trading partner representatives provided examples of technical problems and rejections that occur in claims transmission, including when there is no P & S date available, when PD advances are made, or when future TD is provided.

A fourth innovation concerned permissible uses of the UR. Bill Kahley reviewed the purpose and mechanisms of delivery, which include the delivery of a summary of payments and IP date data. He noted that the UR option is now offered as a temporary, "catch up" mechanism to obtain SROI information from TPs. DWC does not consider the UR option to be a permanent feature of data transmission to WCIS or a substitute to complete data reporting. Trading partners provided DWC staff with feedback on how this option may be needed for other claims, such as "complex" claims or for acquired claims.

Collection of ICD-9 information and deletion of the Doctor's First Report was another innovation discussed. EDI transmission of ICD-9 information would relieve TPs of the burden of providing paper copies of the doctor's FROI. However, the IAIABC's Release 1 version for FROI collection does not accept ICD-9, Release 2 accepts ICD-9 data, but it is an application not used by many TPs. These facts limit the ability of TPs to send that information and for WCIS to receive it. While Release 3 will accept ICD-9 information it is still in the development stage. It is in this context that medical bill data reporting becomes an important mechanism for WCIS to collect ICD-9 data that can be used for a variety of research and public policy purposes.

Medical Bill Data Collection

Following a discussion of innovations to WICS, the topic of medical bill data collection was examined. A review of the work done on this issue in 2002 by the WCIS Technical Advisory Committee was presented. Also discussed were the results of the TP survey

study on medical data conducted in 2002 by the DWC Research Unit, and its finding that a majority of the 78 DNs proposed to be collected by DWC were currently available to a majority of the TP survey participants.

DWC staff continued the discussion on medical bill data collection with a focus on the issues of research benefits versus costs to providers of data collection, auditing versus research needs of medical bill data, and the role that medical bill data can make in DWC's prosecution of provider fraud. TP representatives delivered a variety of specific questions on this matter, including the issue of compliance with data reporting and the impact of HIPPA on provider's ability to provide the necessary information to carriers. The implementation via AB749 of standard electronic billing, along the lines of the HCFA 1500 and the UB 92, were also reviewed. As further noted by AD Gannon, the need to collect medical data in WCIS takes on added significance due to AB749's provision for DWC to conduct a medical study within the workers compensation market and provide a report to the legislature by July 2004.

Policy and Rulemaking Changes

DWC Legal Unit Attorney George Parisotto reviewed the proposed policy and rule making changes to the California Labor code as they relate to workers compensation law. As noted, these changes are primarily related to the institution of standard billing procedures for use in the workers compensation system. Trading partner representatives commented on how these proposed changes would impact their work. For example, it was noted that while a two year period has been provided for compliance with HIPPA, a much smaller period of time is being provided the TP community to institute electronic billing procedures. In addition, both TPAs and DWC staff agreed that the institution of electronic billing now provides the opportunity to initiate a serious review of billing fraud as it occurs in workers compensation claims.

CA Implementation Guide Overhaul

An additional policy change considered at the meeting related to the overhaul of the California Implementation Guide. Dan Nishijima reviewed the need for the changes, and reported that the draft Guide would be available on the DIR web site for public review and discussion within one (1) month. In addition, he noted that any WCIS system design changes that would eventually be included in the Guide would be made available to the TP community via eNews. In light of the fact that EDI Release 3 would likely be adopted in September at the IAIABC Convention, he noted that subsequent and additional changes would likely be made to the Implementation Guide.

Further issues related to WCIS data transmission discussed at this juncture in the meeting included the number of transmission options that in the future will be supported by WCIS. Dan Nishijima noted that DWC's aim is to eventually "shut down" some existing transmission modes, with the possible option of maintaining only FTP and VAN as transmission options. In addition, he noted that current rules on FTP transmission

policies are not now available in the Guide, and that these rules will be incorporated into the Guide.

AB749

DWC staff Glenn Shor presented a review of AB749, and its efforts to control workers compensation medical care costs. Efforts to induce savings in the system include the establishment of a Pharmacy Fee Schedule and an Outpatient Surgery Facility Fee Schedule. Work by DWC staff continues in the area of the pharmacy fee schedule. However, it was noted that the lack of reliable data on outpatient surgery facility fees limits DWC's ability to create a fee schedule in that area. A discussion was also held regarding the status of the DWC Managed Care (i.e., HCO) program. In particular, it was noted that DWC's aim is to eventually integrate HCO program data within WCIS in order to conduct research that examines cost and outcomes differences between managed versus non-managed workers compensation health system.

Database System Integration and Other Topics

The integration of other state agency databases via EDI was also discussed at the meeting. In particular, the aim is to integrate WCIS claims data with information from the Employment Development Department (EDD) to establish true incidence rates for the most prevalent injuries and illnesses experienced by California employees. Finally, the possibility of California serving as a beta test site for Release 3 was also discussed. DWC staff indicated that some TP have already expressed an interest in such a development, and remarked that one advantage to Release 3 is its proposed ability to collect better and more data.

The meeting concluded with a brief discussion of a "To Do List" for joint involvement by DWC and the TP community. Meeting participants reached agreement on two issues for that list: 1) Attention devoted to the improvement of medical data collection process; and 2) Creation of a subcommittee with participation from DWC staff and the TP community to address the issues related to medical bill data collection.

The meeting adjourned at 3:00 pm with general agreement that it successfully presented and addressed the range of important issues regarding WCIS.